

Statements of Recommended Practice updates (Lecture A882 – 4.31 minutes)

There are currently nine SORP-making bodies as follows:

- Charity Commission for England and Wales
- Office of the Scottish Charity Regulator
- Charity Commission for Northern Ireland
- Further Education/Higher Education SORP Board
- National Housing Federation (including Community Housing Cymru, Scottish Federation of Housing Associations and Northern Ireland Federation of Housing Associations)
- The Investment Association
- The Association of Investment Companies
- The Consultative Committee of Accountancy Bodies
- Pensions Research Accountants Group

SORPs can only be issued by a SORP-making body. A SORP-making body is a body that has been recognised by the Financial Reporting Council (FRC) for the purposes of producing a SORP for a particular industry or sector. The FRC require the SORP-making body to act in the public interest when developing, maintaining and issuing SORPs.

All SORPs must carry a statement issued by the FRC that the SORP does not appear to contain any fundamental points of principle that are unacceptable in the context of current financial reporting practice, auditing practice or actuarial practice; nor does it conflict with an FRC standard or undermine the FRC's broader objectives.

Recent changes to UK and Ireland GAAP and the impact on SORP-making bodies

As has been widely publicised, the FRC issued the amendments to UK and Ireland accounting standards arising from its periodic review in March 2024. The impact of these amendments is likely to result in all nine SORP-making bodies revising their SORPs. Some of the SORP-making bodies will need to make more extensive revisions to SORPs than others, but it is expected that there will be amendments to pretty much all the SORPs.

Prior to starting work on the development, or revision, of a SORP, the SORP-making body must seek approval from the FRC. This aims to ensure:

- (a) agreement over the nature and scope of the SORP; and
- (b) that the SORP's recommendations do not overlap with an FRC project or address a matter that the FRC would prefer to deal with itself.

All SORPs must be developed in line with current FRC standards and best practice. It should be emphasised that the requirements of a SORP **cannot** override the provisions in law, regulatory requirements or FRC standards.

In September 2024, the FRC issued revised editions of UK and Ireland accounting standards. This will trigger the SORP-making bodies to consider revisions to their SORPs. When a more recently issued FRC standard, change in legislation or other development, creates a conflict with the provisions in an existing SORP, the relevant provisions of that SORP will cease to have effect. Hence, if a SORP-making body does not update its SORP to bring it into line with an FRC standard, the FRC standard will always take precedence and must be applied. It is the responsibility of the relevant SORP-making body to update its SORP on a timely basis to reflect any applicable changes.

FRC review of consultation drafts

All consultation drafts and statements of intent are required to be presented to the FRC for comment and/or review prior to publication. The FRC will carry out a review of the consultation draft or statement to determine whether the proposals:

- are being developed in accordance with FRC policy;
- contain fundamental points of principles that are unacceptable in the context of current practice;
- contain proposed requirements that conflict with the requirements or principles of an FRC standard; and
- support matters that fall within the FRC's broader responsibilities, to the extent that this is relevant to the industry, sector or area of work in question.